'Unpleasant' Budget Coming

Fleming Must Pull But Which Teeth?

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Suspense Mounting On Revenue Source

By HARRY YOUNG
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FINANCE MINISTER DONALD FLEMING . . . unenviable choice

After several years of "little change" budgets, the one to be handed down next Thursday by Finance Minister Fleming promises to be different, if unpleasant.

Most taxpayers are more or less resigned to the fact that there is going to be some "tooth-pulling," and that few if any reliefs are to be expected.

WILL HE YIELD?

The main point of suspense is the degree to which Mr. Fleming will yield to the Bank of Canada, and other financial pressures that the budget should be balanced, if not totally this year, with at least the good expectation that the country will be on a pay-as-you-go basis by 1960.

The guess has been made that Mr. Fleming will endeavor to raise an extra $800,000,000 in taxation this year. This might not increase revenue to a point where it would balance expeditures but it would be near enough to show that the government was making a determined effort.

ATTACK SOURCES

To raise anything like $800,000,000 in extra taxation, the finance minister will be obliged to attack his larger sources of revenue.

In 1957 when the country's total revenue was $5,106,500,000, income tax brought in more than half at $2,745,199,000. Sales taxes brought in $717,080,000 and customs and excise a combined $820,000,000.

BIG CONTRIBUTORS

In that year, the personal income taxes were the largest individual contributors at $1,400,000,000, with corporation taxes yielding $1,268,000,000.

It will be seen therefore, that if the burden of new taxation is to be shared equitably, these two taxes are the ones which will have to supply the bulk of the extra revenue.

FLAT INCREASE

If this assumption turns out to be correct, Mr. Fleming might get his extra money through a flat increase in the income tax rates—possibly at the two per cent level—or he could lower the minimum allowances.

The latter course would place the heaviest burden on the lower bracket income taxpayers and the smaller business corporations, a step which in current government thinking is not likely to find much approval.

TAX CREDIT

Or Mr. Fleming could go about his task in a less direct manner. He could, for instance, remove the 20 per cent dividend tax credit which is available to Canadian holders of Canadian common and preferred stocks.

SEVERE BLOW

In a city like Victoria, where so many people live on fixed incomes, and have increased their holdings in Canadian equities in order to secure this relief, a removal, or reduction, of the dividend tax credit, would be a severe blow.

Investment experts have urged the minister not to touch this credit, because they claim it would be breaking faith with the Canadian investor.

FOREIGN HANDS

Until the credits became available, Canadians were not generally heavy investors in Canadian equities, and much of the risk capital was in foreign hands, thus putting many companies out of Canadian control.

If the credits are dropped, there would be a weakening of market prices for Canadian stocks, and foreign investors who do not qualify for the credit in any event would merely be given the opportunity of buying Canadian equities at reduced prices.

SMOKE, DRINK

Usually popular for punishment when more money is required are the drinkers and the smokers.

Tobacco taxes brought in $130,000,000 and beverages and wines $11,000,000 in 1957. Any change here would only be a token to the whole extra revenue requirements.

ASK RELIEF

The federal 10 per cent sales tax, which brought in $764,000,000 in 1957, is already so high that manufacturers are clamoring for relief.

For years the car manufacturers have been opposing the excise taxes on cars and equipment, and recent reliefs in this regard have been won on the grounds that the car is no longer a luxury item. A reimposition of further duties in this field would raise a hornet's nest among a wide segment of public opinion.

NOT ENVIABLE

The task confronting Mr. Fleming is not an enviable one, but with the government still a few years off a general election, it is felt that this is a time for bold action, and if the sting is to come, it is perhaps better to come now than later when antidotes might not be so easy to apply.

Man-to-Boy Talk Really Inhuman

NEW YORK (UPI)—A new teaching machine demonstrated here yesterday not only corrects students when they give the wrong answers, but has a little lecture ready for those who still can't answer properly.

The recorded message: "Listen, son, you are being very careless. You really should study a lot harder. Careful study habits will help you make your own way in the world."

Radiation Chemist Does It

Deadly Strontium, Milk Separated

OTTAWA (CP)—An Ottawa biochemist has found a way to separate strontium-90 from milk.

Dr. B. B. Migicovsky, the federal agriculture department's chief consultant in radiation biology, reports he has made the separation by using "Dowex 50" — a substance similar to water softeners used by housewives.

His findings may point the way to protecting humans from the harmful effects of strontium-90, the deadly radioactive element in fallout from nuclear explosions.

CUT INTAKE

"If you can remove strontium from milk, a great proportion of your strontium intake would be eliminated," he said.

At the same time, he debunked present "panic" over radioactive fallout, saying the danger is "greatly exaggerated."

"There seems no danger in present levels of strontium-90," he said.

TWO MONTHS OLD

His controlled experiments in "destrontification" of milk were started two months ago at the federal Experimental Farm in Ottawa.

"I am not suggesting there now is sufficient strontium in milk that we should bother to get rid of it," he said.

In the successful separation, the Dowex 50 was saturated with calcium. Then the milk was treated with it, and the strontium-90 removed by a sort of ion swap.

Bright Future

Cottonwood Value Growing

SEATTLE (AP)—The cottonwood tree, long regarded as useful only as emergency firewood, may be destined for a brighter role in the lumber industry.

Lumbermen taking part in a symposium conducted by the Northwest Hardwood Association agreed Saturday cottonwood can be a valuable timber product if properly grown.

It can be used for plywood, veneer, pulp and even the manufacture of fine furniture.

The lumbermen credited John Bene, president of Western Plywood Co. Ltd., of Vancouver, B.C., with pioneering the use of cottonwood as plywood on the Pacific coast. Bene was one of the participants in the discussion.

The trees will grow anywhere from Mexico to Alaska. Instead of being planted as seed, cottonwood trees are started as cuttings several feet long. Peeler logs can be grown in 30 to 35 years.

Three-Way Antidote

Millions Travel—Still Trains 'Die'

U.S. railways carried 411,000,000 passengers last year, yet the passenger train is dying, according to Trains Magazine.

It is dying not because it is inefficient but because it is unconsciously being undermined by those who man, regulate, manage, ride and compete with it.

Trains' editor David Morgan says the railways must face the fact that a crisis now exists, threatening not only passenger service but the whole solvency of the railways.

Mr. Morgan has a three-way antidote—all of them musts.

He says the passenger business must be established as a separate entity from the freight end of the business with full responsibility and authority over costs and revenues.

Labor is called upon to accept new contracts on what is a fair day's pay for a fair day's work. The present contracts call for firemen who tend no fires and brakemen who handle no brakes. The old 100-150-mile divisional points suitable for the steam locomotive should be extended for diesels, so that each train crew could do more than 150 miles for a day's pay.

Finally, Mr. Morgan says, the government should also not subsidize other transportation systems that compete

Is Mailmobile The Answer?

OTTAWA (CP)—A possible answer to the footsore mailman's prayer is the mailmobile, a compact vehicle to be tested by the Canadian post office.

The fire-red machine drives like a motorcycle, operates like a car and looks like neither as it squats on its three wheels. It carries 500 pounds of mail.

Giant Covers the Waterfront

Straddling the scene in spectacular style, a giant crane, resembling a gymnasium "horse," is installed at the port of St. Malo, France. A major addition to the port's dock facilities, the huge crane has lifting capacity of 235 tons.

Pearkes' Plan

UN in Berlin? Big Powers Don't Want It

WASHINGTON (CP) — A three-point Canadian formula to give the United Nations a hand in the settlement of the Berlin dispute was reported yesterday to have drawn support from some of the smaller nations in the 15-member North Atlantic Alliance.

But it also was reported to have got a chilly reception from two of NATO's senior members—the United States and France—because UN intervention might weaken the right they won in the Second World War to have a hand in determining Germany's future.

There was no immediate British reaction.

The Canadian formula, advanced by Defence Minister G. R. Pearkes Friday as the NATO council's 10th anniversary meeting discussed the Berlin crisis, would involve Soviet acceptance of a UN guardianship over the access routes between Berlin and free Germany.

Basic UN role would be to verify that all parties were abiding by the terms of the agreement.

Mr. Pearkes said NATO Secretary-General Paul Henri Spaak, in summarizing the Berlin discussion, said the Canadian proposal would be referred along with those advanced by other member states to the permanent NATO council.

The Canadian formula emerged as one of the major contributions to the council's study of possible methods of blunting the Soviet threat to drive the West out of Berlin. It came as the council representatives, including Canada, expressed their determination to resist the Soviet attempt to take over the old city.

NATO Solid Over Berlin

WASHINGTON (UPI) — The North Atlantic Treaty Organization council yesterday endorsed the Big Three's firm stand on the explosive Berlin question, including "a number of principles" on which the West has said it will not yield.

The policy statement was issued as the 15-member council wound up its three-day 10th anniversary session here. It offered strong backing of the "broad lines of policy" which the United States, Britain and France will present in upcoming talks with Russia.

'Heart-to-Heart'

Thank You Victorians Says Dulles

U.S. State Secretary John Foster Dulles has replied with a "thank you" note to the 100 Victoria residents who signed a scroll wishing him a speedy recovery from cancer.

It started back in early March when Mrs. Phyllis McLean, 828 Island Road, conceived the idea as a "heart-to-heart" gesture.

"I lay in bed one night and remembered how a very dear friend of mine suffered before she died of cancer. It started as a small heart-to-heart gesture, but more and more people phoned and said they wanted to add their names."

By the time it was dispatched, the scroll had 100 names and assumed massive proportions when Mrs. McLean inserted "a little funny story—but a nice one, mind you—after every three or four names."

Dulles' personal assistant wrote: "It has meant a great deal to the Secretary to have the prayers and good wishes of so many people."

3,000 Photos Lost

VANCOUVER (CP)—A collection of 3,000 personal photographs was stolen from the car of Reg Gardner of Kitimat here. A suitcase containing clothes and a $200 camera were also taken.

Smaller Cars For Canada Says Reuther

OSHAWA, Ont. (CP) — President Walter P. Reuther of the International United Auto Workers' Union said Saturday he is sure the Big Three auto manufacturers in Canada will have to build a small car.

He told a news conference the union intends to try to make certain the small car is manufactured in Canada. If small cars are not manufactured in Canada they will be made elsewhere and imported, he said.

He said General Motors and Ford in the United States have already committed themselves to small car production.

Berlin Won't Be 'Another Munich' Says Eisenhower

GETTYSBURG, Pa. (UPI)—President Eisenhower pledged the United States yesterday to follow a firm course in Berlin and prevent that divided city from becoming "another Munich."

"The course of appeasement is not only dishonorable, it is the most dangerous one we could pursue," he declared. "The world paid a high price for the lesson of Munich—but it learned it well."

THREE EXAMPLES

Speaking at Gettysburg College's spring convocation, the president used the political crisis in Vietnam and the economic difficulties of Japan, along with the Berlin problem, as examples of the need for mutual free world security as a buffer against Communism.

Berlin is a tension point just now, he said, "because the Kremlin hopes to eliminate it as a part of the free world."

"The Communist leaders have chosen to exert pressure there at this moment," he added. "Naturally they always pick the most awkward situation, the hard-to-defend position, as the place to test our strength and resolution.

"There will never be an easy place for us to make a stand, but there is a best one."

BIG MARKET

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